Backgrounder

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AGRICULTURE AND FAMINE

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Science and Technology Division

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TABLE OF CONTENTS

Page

INTRODUCTION..... 1

AGRICULTURAL PRODUCTION, PRICING AND DISTRIBUTION IN DEVELOPING COUNTRIES..... 3

AGRICULTURAL PRODUCTION, PRICES AND DISTRIBUTION IN THE FOOD EXPORTING COUNTRIES..... 8

THE DILEMMA - BRINGING NORTH AND SOUTH TOGETHER..... 16

Appendix 1 - Policy Framework for Canadian Contributions to Official Development Assistance 19

Appendix 2 - ODA/GNP Ratios for OECD Donors 22

REFERENCES 24

CANADA

LIBRARY OF PARLIAMENT
BIBLIOTHÈQUE DU PARLEMENT

AGRICULTURE AND FAMINE

INTRODUCTION

Famine, according to the dictionary definition, is the extreme scarcity of food. It is often precipitated by natural disaster, for instance the drought in the Sahel, or the recent floods off the coast of India. It can also be caused by war, disruption of trade channels and competition between different uses of agricultural product. In all cases, the ability and the willingness to take action and to deal with the consequences, can influence the outcome of the disaster.

Since the middle of the last century, it has been recognized that economies can and do play a major role in the cause and relief of famine. There has been a widespread belief that economic activity and concern for the fate of humanity by those able to afford to help would overcome the problem of famine. In England, for example, the introduction of free trade by Robert Peel in 1846 along with the new inventions of the day, (artificial fertilizers, better communications networks) were seen as providing major solutions to famine.(1) In the 1940s, F.D. Roosevelt had very high hopes for the relief of famine through the concerted effort of developed countries. While this worked for a short time after the Second World-War, self-interest and conflicting government policies ultimately prevailed.(2) In 1974, the World Food Conference put forward a plan for

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(1) Albert Sasson, "Famines: Climatic and Economic Causes," Impact of Science on Society, Vol. 32, No. 3, 1982, p. 326.

(2) Nick Eberstadt, "Famine Development and Foreign Aid", Commentary, Vol. 79, March 1985.

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the assistance of low-income countries by high-income countries and major changes in the food and agriculture policies of low-income countries, but little of the plan has come to fruition. The Independent Commission on International Development Issues chaired by Willy Brandt, the original North-South Conference, made numerous recommendations for the relief of famine in 1979 but in a follow-up report in 1983, the original authors recognized that "the international community has made little headway in tackling its most serious problems - which begin in the strained system of international economic relations and result in additional burdens on many developing countries. Prospects for the future are alarming."(1)

The effect of the lack of economic and political will has also been obvious in the past year in the case of the famine in Ethiopia. The good intentions of developed nations translated into action only at a very late stage and it is generally believed that the domestic government chose not to act to the best of its ability to alleviate the problem.

The willingness of nations to prevent and relieve famine in an active way has not been as strong as it could have been. In order to relieve or prevent famine through the manipulation of production, price and distribution, there must first be the willingness of all parties concerned to act in the best interests of those peoples and those nations most liable to be stricken.

Perceptions of the nature of the problem and its solutions have changed over the years. Ten years ago, the world was facing a global food crisis. There was the threat of famine in India and the Sahel at a time when grain reserves were at their lowest levels in 25 years. The "hunger problem" was seen to be one of starvation or protein deficiency. In 1984, the world food situation was one of food surpluses at the global level but also staggering chronic hunger. With present trends, the Food and Agriculture Organization (FAO) of the United Nations estimates that the

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(1) The Brandt Commission 1983, Common Crisis North-South: Co-operation for World Recovery, Pan Books Ltd., London, 1983, p. 2.

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number of seriously undernourished people will have risen from 435 million in 1974 to 590 million by the year 2000. The "hunger problem" is now perceived to be one of chronic under-nutrition, affecting a range of vulnerable groups whose common bond is poverty. It has been realized that hunger is linked not only to the food-production capability of a particular country but also to income distribution and employment generation. Agricultural production is necessary but it is not the only condition for resolving hunger problems.

AGRICULTURAL PRODUCTION, PRICING AND DISTRIBUTION IN DEVELOPING COUNTRIES

FAO indices over the period 1967-1981 show that food production in developing nations has increased (see Tables 1 and 2) but this growth has not kept pace with the effective demand and nutritional needs of increasing populations. While developing countries do not as a group neglect domestic food crop production in favour of export crops, this does not mean that food production is adequate. It does give some indication, however, that in many countries attempts at feeding the population are in earnest, though inadequate.

Food production goals in developing countries must be pursued in terms of overall development objectives and policies. These can take the form of decisions to develop industrially and to import food. Singapore, as one such example, is now a very prosperous nation, able to feed its population well. It may follow India's lead in attaching a greater importance to agricultural production on the realization that industrialization would continue to lag without this primary momentum of growth. India today is a net exporter of food, expecting to place 2.5 million tonnes of wheat on the world market in 1986. In these two countries, hungry populations have fared well. This is not true of the African countries where industrialization and urbanization have been responsible for decreased

TABLE 1: WORLD WHEAT SUPPLY/DEMAND, 1960-61 TO 1982-83 (million tonnes/hectares)

	Area Harvested	*Yield*	*Production*	*July/June Trade*[1]	*Estimated Total Utilization*	*Estimated Ending Stocks*	*Stocks as % of Utilization*	*Trade as % of Production*
1960-61	202.2	1.18	238.4	41.9	234.8	81.8	34.8	18
1961-62	203.4	1.10	224.8	46.8	236.3	70.2	29.7	21
1962-63	206.9	1.22	251.8	44.3	248.1	74.0	29.8	18
1963-64	206.3	1.13	233.9	56.0	240.0	67.8	28.3	24
1964-65	215.9	1.25	270.4	52.0	262.0	76.2	29.1	19
1965-66	215.5	1.22	263.3	61.0	281.5	55.3	19.7	23
1966-67	213.7	1.44	306.8	56.0	279.9	82.1	29.4	18
1967-68	219.3	1.36	297.6	51.0	289.1	90.6	31.3	17
1968-69	223.9	1.48	330.9	45.0	306.5	115.0	37.6	14
1969-70	217.8	1.42	310.0	50.0	327.2	97.8	30.0	16
1970-71	207.0	1.52	313.8	55.0	337.3	74.3	22.0	18
1971-72	212.9	1.65	350.9	52.0	344.2	81.0	23.5	15
1972-73	211.2	1.63	343.5	67.0	361.8	62.6	17.3	20
1973-74	217.0	1.72	373.0	63.0	365.4	70.2	19.2	17
1974-75	220.1	1.64	360.2	64.3	366.4	64.0	17.4	18
1975-76	225.4	1.58	356.5	66.7	356.2	64.1	18.0	19
1976-77	233.2	1.81	421.3	63.3	385.8	99.8	25.9	15
1977-78	227.1	1.69	384.1	72.8	399.3	84.3	21.1	19
1978-79	228.9	1.95	446.8	72.0	430.2	100.9	23.4	16
1979-80	227.6	1.86	422.8	86.0	443.5	80.4	18.1	20
1980-81	236.6	1.86	441.1	94.1	446.5	78.7	17.6	21
1981-82[2]	239.3	1.88	448.9	101.7	442.1	85.5	19.3	23
1982-83[3]	238.8	2.01	480.3	97.7	468.3	97.4	20.8	20
1983-84[3]	-	—	478.4	98.6	446.8	109.0	23.3	21

Notes: [1] Trade data exclude intra EEC trade [2] Preliminary [3] Projection

Source: Terry Veeman and Michelle Veeman, The Future of Grain, The Canadian Institute for Economic Policy, Toronto, 1984, Table 3.1, p. 20.

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TABLE 2: WORLD COARSE GRAINS SUPPLY/DEMAND, 1960-61 TO 1982-83 (million tonnes/hectares)

	Area Harvested	*Yield*	*Production*	*July/June Trade*[1]	*Estimated Total Utilization*	*Estimated Ending Stocks*	*Stocks as % of Utilization*	*Trade as % of Production*
1960-61	324.4	1.38	447.9	24.0	437.2	109.7	25.1	5
1961-62	322.4	1.35	434.2	30.0	449.3	94.7	21.1	7
1962-63	320.9	1.43	459.5	31.0	461.5	92.7	20.1	7
1963-64	326.5	1.43	467.7	34.0	462.5	97.9	21.2	7
1964-65	323.5	1.46	472.6	35.0	479.5	90.9	19.0	7
1965-66	320.1	1.51	484.7	42.0	500.5	75.1	15.0	9
1966-67	321.9	1.62	521.2	40.0	520.2	76.1	14.6	8
1967-68	327.3	1.68	551.4	39.0	542.3	85.2	15.7	7
1968-69	326.8	1.69	552.6	37.0	548.6	89.2	16.2	7
1969-70	330.7	1.74	576.7	39.0	576.6	89.2	15.5	7
1970-71	331.8	1.74	576.3	46.0	593.3	72.2	12.2	8
1971-72	333.4	1.89	629.1	49.0	615.4	87.0	14.2	8
1972-73	329.1	1.85	609.9	59.0	626.9	69.9	11.1	10
1973-74	344.5	1.94	669.7	71.0	673.0	65.9	9.8	11
1974-75	342.1	1.84	628.1	64.9	633.6	58.9	9.3	10
1975-76	348.3	1.85	645.0	75.1	645.6	58.3	9.0	12
1976-77	343.7	2.05	704.2	82.7	685.3	77.5	11.3	12
1977-78	345.1	2.03	700.6	84.0	692.0	85.9	12.4	12
1978-79	342.8	2.20	753.6	90.2	748.1	91.2	12.2	12
1979-80	341.1	2.17	741.5	100.9	740.3	91.6	12.4	14
1980-81	342.3	2.13	730.0	105.5	740.8	80.9	10.9	14
1981-82[2]	349.1	2.19	764.8	105.4	732.3	113.3	15.5	14
1982-83[3]	341.7	2.28	780.9	88.5	784.4	145.8	18.6	11
1983-84[3]	—	—	743.0	94.2	779.5	109.4	14.0	13

Note: [1] Trade data exclude intra-EEC trade. [2] Preliminary. [3] Projection.

Source: Terry Veeman and Michelle Veeman, The Future of Grain, The Canadian Institute for Economic Policy, Toronto, 1984, Table 3.2, p. 21.

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emphasis on agriculture. In those African countries where imports have been necessary to replace domestic production to the point of making the countries import-dependent, adverse balance of payments has used up valuable financial resources and foreign exchange. The International Food Policy Research Institute estimates that the shortfall in food supplies in the sub-Saharan countries may reach 35 million tonnes of basic food by the year 2000. Food imports into Africa had already reached 24 million tonnes in 1981, at a cost of U.S. $8.6 billion.(1)

Where export production is given priority, food production can suffer, as it has in Brazil. There, larger modern farms producing crops for export have displaced smaller farms to the interior where land is poorer. The reduction in the need for farm workers due to the increased use of mechanization has driven more people to the cities with no skills, no employment prospects and no way of supporting themselves. The problem of feeding the population thus becomes even more acute.

If the physical ability to produce food does not exist, food production policies of any country can become merely planning exercises. In the Sahel, suffering from its second major drought in 10 years, the possibility of producing good crops, even with irrigation, is less likely than before the dry period, simply because the top soil will have already been used up or blown away. Increasing population has put pressure on the land, forcing the shortening of the fallow period and the bringing of pasture under cultivation. This over-utilization of the land for a relatively long period has made it less and less fertile, more prone to drought and less able to sustain life of any kind. In countries where, for instance, slash and burn agriculture is practised, and where peasant farmers are being physically squeezed, new land with good capability for farming

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(1) International Development Research Centre, Annual Report, IDRC, Ottawa, 1984, p. 7.

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has become less and less available.(1) Without major changes to their methods, farmers are having to produce on land of progressively poorer and poorer quality, as the nutrients in the soil are used up. Thus, where increasing or sustaining food production is important, a country must invest wisely in its agricultural infrastructure and not merely in the price of the foodstuffs produced.

Food pricing is related to domestic production, and to imports of food, either commercial or concessional. Numerous developing countries find themselves subsidizing food costs for urban populations. In the case of imported food, this can drain currency reserves, set up price competition with domestic production and create in a population tastes and expectations that cannot be sustained because of the cost. In the case of domestically-produced food, artificially low prices imposed by government can also serve to drive producers out of the industry and into the position of requiring subsidized food themselves.(2)

Information on distribution of food and aid in developing countries is basically a vast expanse of unplowed field. Although it is widely believed that large proportions of food and aid do not actually reach those who are in need, figures are difficult, if not impossible, to determine. In most countries, lack of infrastructure, roads, communication networks, vehicles, and administrative apparatus is responsible for much of the problem. Again, of course, the most recent example is that of the Sahel where, after the food aid started to arrive, it was discovered that transportation was required. There were also reports of bags of food clearly-identified as famine relief appearing in markets far from the stricken areas. Despite the prevalent belief that the majority of the

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(1) Shena McKay, "How Drought Engulfed a Continent" Maclean's Magazine, November 7, 1983, p. 59.

(2) M. D. Bale and R.C. Duncan," Food Prospects in the Developing Countries, A Qualified Optimistic View", American Economic Review, May 1983, Vol. 73, No. 2, p. 247.

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hungry are the urban poor, in reality, those who suffer most are often the rural dwellers, because distribution mechanisms are so weak.(1)

Adequate distribution is also largely a function of government will and efficiency, and some recent famines can be linked back to policy decisions taken by domestic governments. The Ethiopian government early in the present drought put restrictions on grain traders, hindering the movements of food to areas where shortages were developing.(2) Similarly in China, when the Great Leap Forward of the early 1960s resulted in the collapse of agriculture nationwide and the destruction of the national food system, Chinese leaders of the day still refused all offers of external food aid.(3)

The incidence of famine has actually decreased in the twentieth century and, perhaps more than ever has become a function of poverty and policy. Given the huge foreign debt loads carried by most developing countries and their struggle to industrialize, it is highly unlikely that they will be able to prevent or relieve their famine situations unassisted.

AGRICULTURAL PRODUCTION, PRICES AND DISTRIBUTION IN THE FOOD EXPORTING COUNTRIES

What role do the production, pricing and distribution of food of the world's food-exporting countries play in the relief and prevention of famine?

Most of the food traded and/or given as aid in the world is grain. Although the quantities moving from one country to another appear to be large, they are very small in comparison with the volumes produced. The

(1) Hartmut Schneider, Meeting Food Needs in a Context of Change, Organization for Economic Cooperation and Development, 1984, p. 97.

(2) Allan Hoben, "The Origins of Famine", The New Republic, January 21, 1985, p. 19.

(3) Nick Eberstadt, "Famine, Development and Foreign Aid", Commentary Vol. 79, March 1985, p. 26.

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world price of export grains is therefore determined by small changes in the volume of grain produced in a given year and the size of the commercial market. Production and prices can also be affected by policies in producing countries to control volumes (the U.S. Payment in Kind Program) or to increase exports (European Economic Community export subsidies) and by political events (the U.S. embargo on grain sales to the U.S.S.R. as a result of the invasion of Afghanistan). Thus the amount of food produced for export and the price at which it is sold has very little relationship to the need for food in the world.

It is interesting to note the countries which do purchase export grain. Between 1970 and 1980 world grain imports increased by 107 million tonnes, more than doubling total imports. The centrally-planned economies and the middle-income market economies accounted for almost all of the increase. Low-income countries increased their imports only moderately.(1) The point is well illustrated in Table 3 which groups countries by income levels. From 1970 to 1981 middle-income countries increased their imports from 21% to 28.9% while all developing countries' imports grew from 40% to only 43%. While not singled out in the Table, because they are not major importers, sub-Saharan African countries are the exception to the rule, with cereal imports quadrupling from 8.2% in 1961-63 to 30.5% in 1979-81. Unfortunately, this does not mean that sub-Saharan African countries can afford these imports, nor does it mean that all of their food requirements have been met.(2) It primarily shows that there is great need that is not being satisfied.

The sale of grain is important to the agricultural producers in exporting countries. Producer nations like Canada, Australia, Argentina and the United States rely on volume sales, good prices and quick payment to keep their domestic grain industries strong and, in the case of Canada, Australia and Argentina, to keep their balance of payments healthy.

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(1) G. Edward Scheep, "Changing Trends in World Food Production and Trade", American Economic Review, Vol. 73, May 1983, p. 237.

(2) Schneider, Meeting Food Needs in a Context of Change, (1984) pp. 59-60.

TABLE 3: CEREAL IMPORTS BY MAJOR DEVELOPING COUNTRY IMPORTERS (million tonnes)

	1970		1981				
	TOTAL CEREALS tonnes	SHARE %	TOTAL CEREALS tonnes	SHARE %	WHEAT tonnes	COARSE GRAINS tonnes	RICE tonnes
World Imports	103	100	232	100	104	114.4	13.6
Developing countries Total	41	40	100	43	60	29.8	10.2
-- LOW INCOME	16	16	27	11.6	19	6.4	1.6
Bangladesh	2	2	1	0.4	1.0	--	--
China	6	6	17	7.3	13.0	3.8	0.2
Cuba	1	1	2	0.9	1.2	0.6	0.2
India	4	4	1.5	0.6	1.4	0.1	--
Low income less China/India	6	6	5.5	2.4	4.6	--	1.4
-- MIDDLE INCOME	22	21	67	28.9	35	25.5	6.5
-- Low Middle Income	9	9	21	9.1	14	5.2	1.8
Egypt	1	1	7	3.0	6	1.0	--
Indonesia	1	1	2	0.9	1.4	0.1	0.5
Morocco	--	--	3	1.3	2.4	0.6	--
-- High Middle Income	12	12	46	19.8	21	20.3	4.7
Algeria	--	--	3	1.3	2.7	0.3	--
Brazil	2	2	6	2.6	4.4	1.5	0.1
Korea	2	2	8	3.4	1.9	3.5	2.6
Iran	--	--	3	1.3	2.0	0.5	0.5
Iraq	--	--	2	0.9	1.6	--	0.4
Mexico	1	1	7	3.0	1.0	5.9	0.1
Venezuela	1	1	2	0.9	0.9	1.1	--
-- HIGH INCOME	3	3	6	2.6	6	--	2.1
Saudi Arabia	1	1	4	1.7	1	2.6	0.4

-- Signifies less than 0.1 million tonnes.

Source: FAO Trade Yearbook 1973 and 1981.

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Producers in these developed countries must pay for energy, inputs and labour at rates equivalent to those for other goods and services available in the country. They must also feed, clothe and house their families at "the going-rate". Keeping themselves in business requires an adequate return for production, generated by steady-paying customers. Witness the fact that, while the Soviet Union has remained a major importer of Canadian grain, paying in cash until recently and now using regular commercial terms, exports to Eastern European countries have decreased during the same period, primarily because of those countries' lack of foreign exchange and their inability to pay for the produce received.

Grain producers in exporting countries face another dilemma when grain prices do not keep pace with costs. It is estimated that except for the boom years after World War II and again in the early 1970s when stocks were low, wheat prices have declined, in constant 1982 dollars, to less than the price in 1935.(1) This has greatly contributed to the major farm finance problems existing in Canada and also in the U.S. and Australia.

Partially as a result of this cost-price squeeze, producers have successfully attempted to increase volumes of grain produced and exported to increase cash flow. For individual farmers in exporting nations this has been a successful short-term tactic. Nevertheless, it has lead to increased farm size and capital expenditure, which in turn have put many producers in precarious financial positions. It has also placed stress on the soil resource which is the base of production. Lack of cash flow and the need to produce as much as possible on the land available have been major contributors to soil erosion and salinity. In parts of Canada, particularly in the grain-growing regions, soil degradation is reaching the point of threatening long-term, high-volume production. New technology and continued research on pesticides, seed varieties, etc. will help to elevate

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(1) Canadian Wheat Board, Grain Matters, April/May 1984, p. 5.

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production but there are no prospects of higher returns for farmers in the foreseeable future to ease their financial position or help them preserve the soil base.

Another consequence of low prices and the push to export as well as the increase in market size, has been the lowering of total reserve levels. This is despite the fact that estimates for 1984-85 ending stocks are 110 million tonnes, with projections for 1985-86 of 119 million tonnes, record ending stocks reflecting record production levels. Canada and Australia have had very little in reserve over the past few years. From a Canadian point of view, "sweeping the bins clean" has been a very positive and profitable step. The significant reserves that do exist are in the U.S. and the European Economic Community (EEC). These reserves are the product of "overproduction" by the governments of these countries who, through various mechanisms, accumulate the excess production (the U.S. has a farm reserve loan plan in which grain is used as collateral) and thereby keep it off of the market. This helps to keep prices at higher levels than might otherwise be the case.

Even with these two large reserves, the ratio of total reserves to utilization while higher than the 1973-1974 period - which caused such alarm and precipitated the World Food Conference of 1974 - has never again reached the levels of the 1960s.(1) The situation could become precarious from a world food supply viewpoint as the U.S. and the EEC move to lessen the burden that holding such reserves places on their treasuries. The U.S. Administration, for instance, is proposing to cut back severely on the loan reserve program in order to decrease government expenditure and encourage farmers to reduce production. If this does take place and markets, as expected, remain relatively stable, the amount of food available for purchase could diminish significantly.

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(1) Terry Veeman and Michelle Veeman, The Future of Grain, The Canadian Institute for Economic Policy, Toronto, 1984, Table 3.1, p. 20. (Please refer to Table 1 in this paper - column showing stocks as a % of utilization.)

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Unfortunately, for both export-nation farmers and low-income nations this is not likely to have a major long-term effect on the price of grain either upwards or downwards. The amount of grain available on the world market and the number of customers world-wide will tend to keep the price at relatively constant levels. The sale of the large U.S. reserve will likely decrease prices but could also cut production.

With the increase in production in centrally-planned economies such as the U.S.S.R. and China, as well as in other importing countries, the market will shrink and it will become more important than ever for exporting countries to find "paying customers" for their grain.

Canada, in 1983-84, was the sixth largest producer of wheat, the food grain imported by developing countries, at 26,588 thousand tonnes. This country was the second largest exporter of wheat with approximately 20% of the exports in the same year with 21,764 thousand tonnes.(1) By far most of the wheat was exported to developed, centrally-planned, or wealthy countries. In 1983-84, receipts by the Canadian Wheat Board were 21,117 thousand tonnes for a sales value of $3.5 billion.(2) This accounted for the livelihoods of at least 145,500 farm families.

Projections for future grain and oilseed production continue to follow the lines predicted by the Canada Grains Council and the Canadian Wheat Board Prairie Production Symposium: 50 million tonnes by 1990 of which 27 million tonnes will be wheat. The major constraint to the attainment of these goals is a lessening of productivity because of a lack of adequate agricultural research and a deteriorating soil base. If measures are taken to ensure that these two areas are adequately covered there should be little problem in attaining production goals. However, export market

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(1) Canadian Wheat Board, Annual Report 1983-84, Winnipeg, 1984, Tables 22 and 23, p. 23-4.

(2) Ibid., p. 49-59.

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prospects are less favourable. It is projected that of the 50 million tonnes produced, Canada will export only 34 million tonnes or 68% of production compared to the 80% exported at present.(1) With the close ties between the U.S. and Canadian agricultural systems, it is likely that Canadian policy and producer action will adapt to meet the U.S. and world situations which are expected to be increasingly competitive.

In development assistance, Canada is in the top ten amongst the 17 Development Assistance Committee donors of the Organization for Economic Co-operation and Development (OECD). In 1983-84, Canada provided $1.8 billion in official development assistance (ODA), .45% of total gross national product (GNP). In 1984-85, .5% of GNP was reached. This aid is provided under certain guidelines which outline Canada's overall commitment, the distribution of the aid and the consideration of such matters as the human rights' records of recipient countries (see Appendix 1). The objectives of the strategy are to promote peace and stability through expanding world trade and supporting the efforts of countries to achieve self-sustaining growth.(2)

Food assistance accounted for 18% or $325 million of Canada's ODA in 1983-84. About 80% to 85% of these funds are used to purchase Canadian foodstuffs, the remainder going to transportation and administration costs. Canadian food assistance is intended to "improve the developmental and nutritional status of developing countries by:

- increasing the quantity of food available in food deficit countries;
- accelerating the pace of development by freeing foreign exchange and generating domestic resources for investment;

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(1) Veeman and Veeman, The Future of Grain (1984), p. 115.

(2) Canadian International Development Agency, 1983-84 Annual Report, Supply and Services Canada, Hull, December 1984, p. 5-6.

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- providing supplementary food to nutritionally vulnerable groups; and

- offering basic subsistence during emergency relief and rehabilitation situations.(1)

Programs run to achieve these purposes include: providing food to nutritionally-vulnerable groups, particularly mothers and small children; food-for-work projects; balance of payment support; and food assistance to provide for food security and to moderate the sharp price increases which accompany food shortages.

The food aid provided can be broken down into cereal grains (primarily wheat), 69%; skim milk powder, 8%; vegetable oils, 10%; fish products, 8.6%; and pulses, 6%.

In addition to food aid, development assistance is provided through bilateral, multilateral and special programs operated by the Canadian International Development Agency (CIDA). These include basic research and extension work, development of irrigation, storage and preservation technology, etc. in India, Tanzania, Pakistan, Zambia, Sudan and Peru. CIDA also supports farming cooperatives in Bangladesh and India. Much of the research is carried out by the Canadian- funded International Development Research Centre (IDRC) which works to adapt state-of-the-art agriculture research to the realities of the developing country's environment.

It is obvious that Canada is very active in the provision of food and agricultural aid. While providing significant assistance, Canada's relatively small role in the total investment of developing countries limits its ability to have a major effect on policy reform, either social or economic, in individual countries. The fact that Canada's aid budget has recently been cut by $50 million in an attempt to constrain the deficit and that the achievement of the ODA/GNP ratio of .7% by 1990 has also been lowered to .6% within the last year will not help to strengthen Canada's ability to influence recipient countries.

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(1) Canadian International Development Agency, Elements of Canada's Official Development Assistance Strategy 1984, Canadian International Development Agency, Hull, 1984, p. 28.

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In regard to the cutbacks, Canada is not alone among donor nations. Growth in overall ODA contributions has been slower in the past few years and reductions have been made in the portions allocated to multilateral organizations by donors. This calls into question the viability of grant-funded technical cooperation agencies such as United Nations International Children's Emergency Fund (UNICEF) and the United Nations Development Fund (UNDF). Without a halt to the erosion of the financial bases of the multilateral agencies, for instance, the Commonwealth Fund Technical Cooperation, the principle of central funding in the United Nations system, which Canada has supported, could be in jeopardy. A continuation of this situation could in fact have a major detrimental effect on the relief and prevention of famine.

THE DILEMMA - BRINGING NORTH AND SOUTH TOGETHER

Considering the situations in developing countries and in developed food-exporting countries, it would appear that the solutions to the problem of famine are obvious but difficult to attain. Put simplistically, there is a need for more aid and for more assistance, financial and technical, to help countries achieve greater degrees of self-sufficiency. This paper has tried to show that, while there is in fact sufficient food in the world to feed the hungry, a major problem is making the food available to those who need it most. The onus therefore falls first on the developed world to be prepared to purchase available food stocks for distribution in needy areas. Those countries which have now or could have substantial surpluses cannot be expected to provide and pay for this surplus entirely by themselves. The surplus nations could not afford to purchase the foodstuff from their own producers, and without the possibility of remuneration, it is likely that production, and therefore surplus, will decline.

A world grain market with very low prices may benefit importing and donor countries in the short term; however, such a situation is likely to result in less production and higher prices, a precarious position for food-deficient countries. While it is hoped that developmental

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aid will overcome this problem in part, much will depend on the rate at which countries can produce larger proportions of their own food. Since this is not anticipated for decades and even then a number of countries will not be entirely self-sustaining, maintaining levels of world food production for commercial or concessional purchase will remain important.

A major hurdle to be overcome even with massive donations of food aid is distribution of this aid. To maintain credibility, it will be important for donor nations to remain apolitical despite pressures to do otherwise. Conflicting national policies can also undermine the effectiveness of multilateral organizations. To some extent, it is only by the example of impartial donor nations that recipient-country governments can be persuaded to accept aid on the basis of need rather than on the basis of politics, or religion. The physical barriers to distribution are easier, in theory, to correct. Nevertheless, the construction of adequate transportation and storage facilities, and the development of organizational systems are required almost as much in some countries as the aid itself so that the provision of food aid needs to be accompanied by assistance in means of distribution. To provide the one without the other may well be to provide a useless gift.

Ideally, the most effective long-term solution to famine is self-sufficient domestic production within individual nations. Increasing populations make the leap to self-sufficiency even more difficult but all that much more important to attain. As mentioned earlier, most countries are making strides towards increased domestic production. These must be encouraged, and where necessary, assisted. Increased production requires inputs from a number of areas, perhaps most importantly, research. It is estimated that 75% of the world's agricultural research takes place in the developed world and 33% of that in the United States.(1)

Canada's major contribution to research of all kinds in the Third World is through the IDRC which accounted for 3% of Canadian ODA in 1983-84. IDRC funded 75 projects in that year with $17.7 million

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(1) D. Gale Johnson, Ed., The Politics of Food, The Chicago Council on Foreign Relations, Chicago, 1980, p. 4-5.

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dollars.(1) More of this type of assistance guided by the principle that "development solutions, if they are to be self-sustaining, must be arrived at mainly through the efforts of those affected" is necessary and therefore scientific and technical knowledge adapted to those regions must be made available.

At the same time, emphasis on the day-to-day development of agricultural production will remain essential. This could take the form of extension work or funds to buy needed equipment, seed or fertilizer. In all cases, assistance must be provided with considerable forethought to the appropriateness of the crop, the technology and the culture to which it is being applied. Specialized equipment for which there are no accessible sources of spare parts is of no help to anyone.

Emphasis on the marketing and distribution of both imported and domestically-grown crops is also important in the overall pricing and distribution of food. India, for instance, has developed with foreign assistance a large dairy cooperative movement which has helped to make and keep pricing fair to the producer and the consumer, and assures the efficient distribution of the product.

The pricing of food grains on the international market will likely continue to be erratic, based on supply and demand as well as on individual governments' policies. Efforts by the major exporters to come to some agreement on pricing stability have failed and are likely to continue to do so. Fluctuations in the market make it difficult for all importing countries to plan adequately for food expenditures. This is particularly so for the poorer developing countries.

Famine will remain a function of poverty. The relief of famine will depend largely on the relief of poverty, of and within nations. It is not only agricultural production, pricing and distribution that will make the difference between famine and plenty but also the development of the economy as a whole. Just as food aid must not be looked at separately from agricultural development, so food and agricultural development must not be looked at separately from general developmental aid.

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(1) Canadian International Development Agency, Elements of Canada's Official Development Assistance Strategy 1984, (1984), p. 86.

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Appendix 1 - Policy Framework for Canadian Contributions to Official Development Assistance

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POLICY FRAMEWORK

The policy framework underlying the ODA program stems from Parliamentary and Government decisions of recent years. There are very specific targets as well as more general guidelines. Some of the main features of current policy can be summarized as follows:

a) With respect to the overall level of the ODA program, Canada has undertaken to reach .5% of GNP by 1985/86 and .7% by the end of the decade.

b) A volume sub-target is Canada's commitment to provide .15% of GNP as assistance to the Least Developed Countries (LLDCs).

c) Also with respect to volume, Canada has undertaken to provide $106 million in development assistance to Central America over the period 1982-1987 and to double flows to the Commonwealth Caribbean to $270 million over the same period.

d) The following guidelines pertain to the relative shares of ODA:

- to increase the share of funding for Special Programs to respond to the initiatives of the private institutional, non-governmental organizations and co-operative sectors;

- to increase funding for programs which involve the commercial sector in international development;

- to plan for contributions to the International Financial Institutions (IFIs) at the level of 18-20% of ODA;

- to increase funding levels for Petro-Canada International Assistance Corporation to 4% of ODA;

- to continue to give particular attention to the growing world food crisis, through existing programs and the new International Centre for Ocean Development; and

- to allocate 2% of ODA for international humanitarian assistance.

e) For planning purposes, the bilateral program shares should be 42% for Asia, 20-21% each for anglophone Africa and francophone Africa, and 16% for the Americas.

f) In terms of the recipients of Canadian bilateral assistance, 80% of assistance is to be provided to low-income countries (defined as having a per capita income less than US $625 in 1978) and 20% to middle-income countries.

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g) The performance of a government in observing human rights will be considered in determining the nature of Canadian assistance.

h) In designing the ODA program, Canadian commercial interests should be taken into account.

i) Sectoral emphasis is to be given to agriculture and food, energy, and human resource development.

j) At least 80% of bilateral assistance (exclusive of transportation costs) should be tied to the procurement of Canadian goods and services having at least two-thirds Canadian content.

k) Within the food assistance allocation, specific targets approved by the Government are providing at least 600,000 metric tonnes of cereal assistance in accordance with Canada's commitment under the Food Aid Convention, and increasing the non-cereal portion of the food basket to 25% of the total.

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Appendix 2 - ODA/GNP Ratios for OECD Donors

ODA/GNP RATIOS FOR OECD DONORS

Countries Listed According to ODA Volume in 1982	1982		1981		1980		1979		1978	
	ODA/GNP Ratio	Rank	ODA/GNP Ratio	Rank	ODA/GNP Ratio	Rank	ODA/GNP Ratio	Rank	ODA/GNP Ratio	Rank
United States	0.27	15	0.20	16	0.27	13	0.20	15	0.27	13
Germany	0.48	9	0.47	8	0.43	8	0.44	10	0.38	10
Japan	0.29	13	0.28	13-14	0.32	11-12	0.26	12	0.23	14
United Kingdom	0.37	11	0.44	9	0.34	10	0.52	7-8	0.48	9
France (incl. DOM/TOM*)	0.75	5	0.73	4-5	0.6	5	0.59	5	0.57	5
France (excl. DOM/TOM*)	(0.49)	(10)	(0.45)	(9)	(0.38)	(10)	(0.35)	(11)	(0.35)	(11)
Netherlands	1.08	1	1.08	1	0.99	1	0.93	2-3	0.82	3
Canada	0.42	10	0.43	10	0.42	9	0.46	9	0.52	8
Sweden	1.02	2	0.83	2	0.76	3	0.94	1	0.90	1-2
Australia	0.57	7	0.41	11	0.48	7	0.52	7-8	0.54	7
Italy	0.24	17	0.19	17	0.17	17	0.08	17	0.07	17
Norway	0.99	3	0.82	3	0.82	2	0.93	2-3	0.90	1-2
Belgium	0.60	6	0.59	6	0.49	6	0.56	6	0.55	6
Denmark	0.77	4	0.73	4-5	0.72	4	0.75	4	0.75	4
Austria	0.53	8	0.48	7	0.22	15-16	0.19	16	0.29	12
Switzerland	0.25	16	0.24	15	0.24	14	0.21	13-14	0.20	15
Finland	0.30	12	0.28	13-14	0.22	15-16	0.21	13-14	0.17	16
New Zealand	0.28	14	0.29	12	0.32	11-12	0.30	11	0.34	11

* Overseas possessions

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